



51A Middle Street Newburyport MA 01950
Phone: 800-588-7039 Fax: 877-902-4284
contact@bhfe.com www.bhfe.com

Course Information

Course Title: *Tax Guide to Estate Planning #493418*

Recommended CPE credit hours for this course

In accordance with the standards of the CFP Board, the National Registry of CPE Sponsors and the IRS, CPE credits have been granted based on a 50-minute hour.

CFP® 1 (All states) CFP Board Course ID# 195448

CFP Board sponsor number: 1008.

CPA 2 (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration:

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Public Accountancy: 14003

New York State Board of Accountancy: 002146

Ohio State Board of Accountancy: M0021

Texas State Board of Accountancy: 009349

EA/OTRP 2 (All States) IRS: Qualified Sponsor number: *FWKKO*.

IRS Course Number: FWKKO-T-00074-13-S

CLU, ChFC Professional Recertification 2

Course Description

Estate planning is when tomorrow becomes today! As a result of recent legislation, estate planning has been made surprisingly simple. This mini-course surveys wills, living trusts, gifts, insurance, marital property and probate avoidance. The will and trust forms are explored along with living wills, durable powers of attorney and nominations of conservator.

Program Delivery Method: Self-Study (NASBA QAS Self-Study/interactive)

Subject Codes/Field of Study

NASBA (CPA), CFP Board of Standards, Inc.: Taxes.

IRS (EA, OTRP): Federal Tax Law.

NAPFA: Taxes

Course Level, Prerequisites, and Advance Preparation Requirements

Program Level: CFP Board: Intermediate; NASBA/CPA, IRS: Overview.

This program is appropriate for professionals at all organizational levels.

Prerequisites: Basic familiarity with federal taxation

Advance Preparation: None

Course Content

Publication/Revision Date: 3/11/2018.

Author: Danny Santucci, J.D.

Final exam (online): Ten questions (multiple-choice).

Instructions for taking this course

You must complete this course within one year of the date of purchase (if you do not complete the course within one year, contact us to determine whether an updated edition of the course is available, in which case we will provide you with a PDF of the updated course and the online exam at no charge).

A passing grade of at least 70% is required on the final exam for this course. You may retake the exam if you do not pass it on the first attempt (no charge).

Complete the course by following the learning objectives listed on the following page, studying the text, and studying the review questions at the end of each major section (or at the end of the course). Once you have completed studying the course and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Final Exam Online

- Login to your account online at www.bhfe.com.
- Go to "My Account" and view your course.
- Select "Take Exam" for this course and follow instructions.

Additional Information

- The exam may be started, stopped, then resumed at a later date.
- The exam is "open book," it is not timed, and it may be retaken if not passed on the first attempt (no charge).
- Results (correct, incorrect answers) and certificate appear immediately upon passing the exam.
- CFP® and EA credits are reported weekly.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Assignment & Objectives

As a result of studying the assigned materials, you should be able to meet the objectives listed below.

ASSIGNMENT

At the start of the materials, participants should identify the following topics for study:

- * Estate planning team & administration
- * Unlimited marital deduction & applicable exclusion amount
- * Primary dispositive plans
- * Trusts
- * Annual gift tax exclusion
- * Annuities & installment sales to family members
- * Charitable remainder trusts
- * Family limited partnerships
- * Buy-sell agreements
- * Family documents

Learning Objectives

After reading the materials, participants will be able to:

- 1.** Recognize members of the estate planning team including their role in the estate administration process, specify the unlimited marital deduction requirements, cite the applicable exclusion amount and identify the effects of stepped-up basis particularly, the repealed of modified carryover basis.
- 2.** Determine the limits of a simple will and the advantages and disadvantages of living trusts.
- 3.** Identify specialized estate planning tools noting how they permit clients to pass more wealth and save death taxes, cite the uses of a durable power of attorney, and specify instances when a conservatorship is appropriate.

After studying the materials, answer the exam questions 1 to 10.

Notice

This course and test have been adapted from materials and information contained in the above text and any supplemental material provided. This course is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional advice and assumes no liability whatsoever in connection with its use. Since laws are constantly changing, and are subject to differing interpretations, we urge you to do additional research and consult appropriate experts before relying on the information contained in this course to render professional advice.



Tax Guide to Estate Planning

**By
Danny C. Santucci**

The author is not engaged by this text, any accompanying electronic media, or lecture in the rendering of legal, tax, accounting, or similar professional services. While the legal, tax, and accounting issues discussed in this material have been reviewed with sources believed to be reliable, concepts discussed can be affected by changes in the law or in the interpretation of such laws since this text was printed. For that reason, the accuracy and completeness of this information and the opinions based thereon cannot be guaranteed. In addition, state or local tax laws and procedural rules may have a material impact on the general discussion. As a result, the strategies suggested may not be suitable for every individual. Before taking any action, all references and citations should be checked and updated accordingly.

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional service. If legal advice or other expert advice is required, the services of a competent professional person should be sought.

—From a Declaration of Principles jointly adopted by a committee of the American Bar Association and a Committee of Publishers and Associations.

**Copyright March, 2018
Danny Santucci**

Preamble

“A Snapshot in Time”

To the amazement of many estate planning professionals, for most of 2010, the United States had no federal estate tax or generation-skipping transfer tax. A “modified carryover basis” regime was implemented to generally deny a step-up in the basis of appreciated assets at death. The federal gift tax remained in place with a \$1 million exemption and a 35% maximum rate. However, this situation did not last.

On December 16, 2010, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (“TRUIRJCA”) was passed by Congress, and later signed by the President on December 17, 2010. TRUIRJCA reinstated the estate and generation-skipping transfer taxes effective for decedents dying and transfers made after December 31, 2009. The estate tax applicable exclusion amount was \$5 million in 2011 under TRUIRJCA and was indexed for inflation for decedents dying in calendar years after 2011, and the maximum estate tax rate was 35 percent. For gifts made in 2010, the applicable exclusion amount for gift tax purposes was \$1 million, and the gift tax rate was 35%. For gifts made after December 31, 2010, the gift tax was reunified with the estate tax, with the same applicable exclusion amount and the top estate and gift tax rate was 35%. However, in the case of a decedent who died during 2010, TRUIRJCA allowed the executor of such decedent's estate to elect to apply the Internal Revenue Code as if the new estate tax and basis step-up rules had not been enacted.

In 2013, the American Tax Relief Act (“ATRA”) permanently increased the top estate, gift, and GST rate from 35% to 40% for transfers over the applicable exemption (or exclusion) amount. ATRA kept the exemption at \$5,000,000 as indexed for inflation since 2011. The TCJA has recently doubled the exemption and it is \$11,180,000 for 2018.

Planning for these and other changes are still unsettled. As a result, the student is warned that my observations, comments, and the following text are preliminary and will undoubtedly be refined later.

Good Luck!

Table of Contents

Course Information	ii
Learning Assignment & Objectives	iv
Table of Contents	vii
Introduction	1
Estate Planning Team.....	2
Attorney.....	2
Accountant.....	2
Insurance Agents	2
Financial Planner	2
Estate Administration.....	3
Probate Court.....	3
Executor.....	3
Internal Revenue Service.....	3
Trustee	4
Changing Legislative Landscape.....	4
Unlimited Marital Deduction	5
Outright To Spouse	5
Marital Deduction Trust	5
Qualified Terminable Interest Property Trust	5
Applicable Exclusion (or Exclusion) Amount	6
Spousal Portability of Unused Exemption Amount - §2010(c)(2)	8
Stepped-up & Modified Carryover Basis	8
Modified Carryover Basis - §1022.....	8
Limited Basis Increase for Certain Property.....	11
2010 Special Election	11
Basic Estate Planning Goals	11
Primary Dispositive Plans	12
Simple Will	12
Danger for Larger Estates.....	12
Probate.....	14
Trusts.....	17
Types of Trusts	18
Living “A-B” Revocable Trust.....	18
Living “A-B-C” (QTIP) Trust	21
Impact of Spousal Portability on Trust B under TUIRJCA	21
Special Planning Tools	24
Spending.....	25
Annual Gift Tax Exclusion.....	25
Per Donee/Per Year	25
Gifts in Excess of the Annual Exclusion	26
No Gift Tax.....	26
Gifts within 3 Years of Death.....	26
Uniform Gifts to Minors Act	27
Exception for Minor’s Trusts - §2503(b) & (c)	27
Medical & Tuition Exclusion - §2503(e)	27
Qualifying Transfers.....	27
Installment Payment of Estate Taxes - §6166	28

Computation - §6601(j)	28
Closely Held Business	28
Acceleration of Payment.....	29
Annuities	29
Deferred Annuity	29
Private Annuity.....	29
Installment Sale to Family Member	30
Self-Canceling Installment Notes	31
Minor Trusts	31
Charitable Remainder Trusts	31
Charitable Remainder Annuity Trust.....	32
Charitable Remainder Unitrust	33
Charitable Lead Trust	33
Grantor Retained Income Trusts	34
Qualified Personal Residence Trusts (QPRTs).....	34
Grantor Retained Annuity Trusts (GRAT's)	35
Grantor Retained Unitrusts (GRUT's).....	35
Insurance Trusts	35
Family Limited Partnerships	38
Estate Savings.....	38
Income Tax Savings	38
Family Partnership Requirements.....	38
Buy-Sell Agreements	43
Definition.....	43
Funding.....	44
Purchase Price & Terms	45
Family Documents	46
Living Will	46
Property Agreement & Inventory	47
Durable Power Of Attorney	47
Power of Attorney for Health Care.....	48
Conservatorship.....	48
Types	48
Funeral Arrangements	49
Anatomical Gifts	51
Glossary	58
Index of Keyword & Phrases.....	59